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Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Report of the Office of Internal Oversight Services on the inspection of the programme and administrative management of the Economic and Social Commission for Western Asia

Summary

The Office of Internal Oversight Services (OIOS) observed the Economic and Social Commission for Western Asia (ESCWA) consistently striving to attain its vision of becoming an action-oriented "regional centre of excellence", in particular by applying an integrated and interdisciplinary approach to addressing the regional challenges of globalization and development in the context of the Millennium Development Goals. ESCWA has built up its multidisciplinary expertise and experience and solidified its potential for effectively advocating, communicating, coordinating and implementing activities at the regional level. The more active interest and involvement of member countries in its work signify an increased recognition of accomplishments and value to the region.

OIOS observed with satisfaction that United Nations tools for results-based management were consistently promoted at ESCWA and that it was currently one of the most advanced Secretariat entities in that regard. Training was provided to management and staff on its methodology and implementation. It is important now to support this accomplishment with equally dedicated and persistent build-up in quality control of its deliverables.

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However, five main challenges need to be addressed for ESCWA to realize its potential fully: (a) the organizational structure has to be normalized; (b) the Statistical Division needs to be re-established; (c) the comparative advantages of ESCWA have to be reassessed and its collaborative networking with regional partners strengthened; (d) information and knowledge management must be advanced to a qualitatively new level commensurate with the regional role of ESCWA; and (e) it is necessary to make the executive management culture more consistent, objective and transparent. Addressing these challenges, in the course of implementing 20 recommendations of this report, would considerably improve the effectiveness of ESCWA.

The management of ESCWA requested that the preceding paragraph should be redrafted to include only two main challenges: Strengthening the statistics subprogramme and advancement of information and knowledge management to a qualitatively new level commensurate with the regional role of ESCWA. OIOS did not agree with this request.

Contents

		Paragraphs	Page
I.	Introduction	1–4	3
II.	Organizational structure	5–8	3
III.	Statistics subprogramme	9–15	4
IV.	Programme performance	16–24	6
V.	Regional role	25–29	8
VI.	Information and knowledge management	30–38	10
VII.	Programme support	39–42	13
VIII.	Executive management	43–46	14
IX.	Conclusions	47–49	15
X.	Recommendations	50–81	15

I. Introduction

1. The Economic and Social Commission for Western Asia (ESCWA) was established in 1973[1] and subsequently realigned in 1985[2] in order to acknowledge more fully the social aspect of the Commission's activities. The headquarters of ESCWA was relocated to Beirut in 1997, after several relocations owing to the political instability in the region. In October 2001, ESCWA launched a reform guided by the vision of becoming an action-oriented "regional centre of excellence" devoted to facilitating the integration of member countries through its high-quality interdisciplinary effort aimed at achieving optimum and sustainable utilization of regional natural and human resources, integration of national markets and facilitation of intraregional cross-boundary flows of goods, services, investment and people.[3] Its own internal culture was envisioned to be based on teamwork, transparency and effective and open communication.

2. The mission of ESCWA is aimed at fostering synergies that allow member countries to manage the globalization and development processes, in the context of the Millennium Development Goals, regional specificities and global technological and trade transitions. The reform defined four programmatic priorities: globalization and regional integration, social policies, water and energy and information and communication technologies, to which the advancement and empowerment of women,[4] national statistical capacity-building and post-conflict recovery[5] were subsequently added. In bringing a focus to these priorities, the reform guidelines envisaged shifting from quantity to quality and timeliness in its delivery, streamlining the workflow and strengthening the multidisciplinary approach.

3. In 2005, OIOS reviewed the programme and administrative management in ESCWA and assessed the progress of the reform and its impact on the strengthening of accountability and the effectiveness of programme delivery. The inspection included the analysis of programme data in the Integrated monitoring and documentation information system (IMDIS); a desk review of relevant legislative, executive, budgetary and other pertinent documents; a questionnaire survey of ESCWA management and staff, as well as of their partners and stakeholders; and interviews in New York and Beirut with United Nations managers and staff, representatives of other United Nations entities, Government officials and diplomats.

4. The comments of management were sought on the draft report and are set out in italics in the present report. OIOS greatly appreciates the cooperation extended to it by the ESCWA management and staff during this inspection.

II. Organizational structure

5. As part of the ESCWA reform seeking to enhance flexibility and efficiency of programme delivery, a theme/team approach to internal organization was

[1] By Economic and Social Council resolution 1818 (LV) of 9 August 1973.

[2] By Economic and Social Council resolution 1985/69 of 26 July 1985.

[3] See web page "ESCWA vision" at www.escwa.org.lb/about/exec/reform/pix/ex3tst.html.

[4] By paragraph 3 of Commission resolution 240 (XXII) of 17 April 2003.

[5] By paragraphs 2 and 3 of Commission resolution 241 (XXII) of 17 April 2003.

introduced.[6] The concept of "team" was introduced and applied to all entities below the level of Division. It replaced the conventional United Nations nomenclature of "branches", "sections" and "units". OIOS recognized that the team approach helped to promote the exchange of expertise and multidisciplinary collaboration within ESCWA. However, OIOS also observed that it was accompanied by excessive fragmentation despite some attempts to remedy it, pronounced rigidities and considerable confusion in reporting lines and organizational and budgetary structures.

6. OIOS recalls that in established management practice, multidisciplinary teams are created with members (on a full-time or part-time basis) of different expertise for delivering by set deadlines a concrete output. After output delivery, the team is normally disbanded. The team leader should have full delegated authority over the work of the team and be personally accountable for the outcome. For performance appraisal, team members receive credit for their inputs to the team achievements complementing credits for their regular responsibilities. OIOS also recalls that established organizational units are responsible for recurrent, thematically homogeneous outputs and activities using staff with additional expertise when necessary.

7. However, in ESCWA there is a blurred distinction between established structures and teams that created confused expectations for middle management and staff as the "team" label was used to rename established organizational structures while the substance, nature and dynamics of the work had no distinct features of the genuine team approach. Team formation and management was excessively centralized with most decisions of real importance reserved for the Executive Secretary. This stifled the initiative of the middle management in forming real interdisciplinary teams. Team leaders' delegated authority is often unclear. OIOS was informed that reassignments between teams have been done at times without discussion with either staff or team leaders and in several instances on very short notice.

8. OIOS recalls that ESCWA management was previously advised against abolishing sections and units. OIOS believes that it is time to reconsider the guidelines and practices of teamwork at ESCWA. It is necessary to establish stable intradivisional structures with conventional nomenclature and clear reporting lines, and a supplementary, flexible structure of multidisciplinary teams. Such revision of the team approach should promote the main principles of the ongoing reform of ESCWA: the rational decentralization of decision-making and strengthening of accountability.

III. Statistics subprogramme

9. In 2003, the Statistics Division of ESCWA was disbanded and its statistical activities were decentralized. Four specialized teams of statisticians were assigned (three of which had only one Professional staff member) to four divisions. The rationale was to improve collaboration between statisticians and experts in substantive areas in producing accurate and consistent data. In 2004, OIOS found

[6] See the "ESCWA reform and revitalization" page of the ESCWA website (www.escwa.org.lb/about/exec/reform/exlmain.html).

that the lack of a full-fledged Statistics Division was a drawback and that the decentralization of statistics should be re-evaluated in broad consultation with stakeholders.[7] ESCWA reported subsequently that its internal review concluded that decentralized structure should be maintained.[8]

10. OIOS observed that while the decentralization has brought statisticians closer to the research activities of substantive divisions, it has had a negative impact on synergy within the statistics subprogramme itself as the critical mass of statistical expertise was splintered. The decentralization stalled the creation of an Integrated Statistical Information System at ESCWA as a single source of reliable, customized and comparable data. Most statistical data are now located in various divisions, but are not readily shared or easily accessible by others and often it becomes easier to obtain them from various external sources or to recompute them. There is no strategy for developing statistical capacity in the region.

11. A smaller focal point unit, the Statistics Coordination Unit, was established to coordinate the statistics subprogramme.[9] OIOS observed, however, that the uneven staffing and mandate of the Unit had resulted in erratic coordination. There have been difficulties in ensuring that resources allotted to the subprogramme were used for the purpose intended and in discerning reporting lines of statisticians to the head of the Unit and to the chiefs of the substantive divisions in which they are placed. Overall, the Professional staff of the statistics subprogramme decreased by 25 per cent and the General Service staff by 30 per cent from 2002 to 2006. The decentralized subprogramme experienced difficulties in maintaining a broad range of statistics functions, forging effective links with global statistical programmes and promoting the formulation of regional views on global statistical issues.

12. OIOS considers that the current set-up inhibits timely, comprehensive and consolidated collaboration with the Statistics Division of the Department of Economic and Social Affairs and other statistical entities. A mechanism for obtaining data from member countries on a reliable and continuous basis should be established. The oversight and management of the statistics subprogramme are neither transparent nor effective. OIOS is not aware of any efforts to maintain the critical mass of the statistics expertise at ESCWA, to promote collaboration between experts in different areas of statistics and to effectively address the methodological and organizational issues. However, OIOS is encouraged that ESCWA is addressing the need to compile both descriptive and interpretive statistics, through organizational structure and resource allocation.

13. *ESCWA considers that a central unit, within an overall decentralized set-up, is best suited for compiling descriptive statistics in a convenient, usable, and understandable form, and devising standards against which such statistics may be*

[7] See the report of OIOS on its audit of the regional commissions (A/58/785, paras. 51-54 and 81-82).

[8] Report of the Secretary-General on the implementation of the recommendations of OIOS on the management audit of the regional commissions (A/60/378, paras. 40-44).

[9] See recommendation 3 of the report of the Advisory Team on the revitalization of ESCWA (dated 29 January 2002, prepared by Warren Sach, Keith Walton and Frances Zainoeddin), concerning the decentralization of statistical activities, that stressed: "In this regard, the Advisory Team recommends that core functions of the Statistics Division, particularly those related to increasing the technical capacity of countries in the region, and those of coordinating nature, should remain within a smaller organizational unit which would act as a focal point."

monitored. Additionally, a central unit could, in cooperation with substantive divisions and teams within ESCWA, help member countries in formulating and implementing their capacity-building plans making full use of multidimensional resources available. As for interpretive statistics, the substantive divisions have a clear edge as they would generally be more familiar with the status of indicators and methods of collection and collation, etc. The statisticians, from different disciplines, at ESCWA could work together to assist countries in developing their national statistical strategies leading to a regional strategy that could meet the member countries' data requirements for regional integration and development priorities, taking into account the outcome of the 2005 World Summit. This would set the road for countries to produce reliable, timely and comparable data that meets the requirements of policymakers, national goals and the Millennium Development Goals.

14. OIOS noted the recent attempts to decrease the degree of fragmentation and to make the management of ESCWA statistical activities more centralized and coherent, and to strengthen the Statistics Coordination Unit. However, there is still lingering uncertainty as to the role of the Interdivisional Statistics Steering Committee and the reporting lines of the Head of the Statistics Coordination Unit as the subprogramme manager. OIOS also noted the exceedingly centralized management of the statistics subprogramme resources in which the Head of the Statistics Coordination Unit has little say. His efforts to achieve a meaningful correlation between the outputs and resources of different teams in the subprogramme were ignored. The Head of the Statistics Coordination Unit still does not have full authority to ensure that all teams collaborate, in particular in creating the integrated statistical information system. Some heads of teams communicate directly with the Executive Secretary of ESCWA and member States bypassing the Head of the Statistics Coordination Unit.

15. OIOS strongly believes that a revitalized Statistics Division should be re-established. It is important to integrate the modest statistics resources of ESCWA in one division to ensure the consolidation of the critical mass of statistical expertise and the viability, coherence and effectiveness of statistical function. This view is supported by ESCWA member countries and the Statistics Division of the Department of Economic and Social Affairs. OIOS took note of the planned review by ESCWA.

IV. Programme performance

16. OIOS noted significant improvements during the past two years in the timeliness of programme performance monitoring and reporting, consistent efforts to advance self-evaluation and the commitment of the Executive Secretary to the process. Also of note was the successful rationalization of publications: they were consolidated and their number decreased by 55 per cent since 2000. Considerable progress has been achieved in the dissemination of monitoring and evaluation tools through the Intranet and in providing guidance and training to subprogramme managers and staff. OIOS believes that further improvement would require a more participatory process, in particular closer involvement of middle level management.

17. The Total Quality System was introduced to buttress the quality dimension of programme performance. However, while some elements of quality control were

introduced, the system as a whole remains to be implemented as conceived. Of special concern to OIOS was the Publications Committee, which was intended to be the main instrument in improving the quality of ESCWA outputs.

18. The commitments of the Publications Committee towards ensuring the quality, assessing the effectiveness of distribution and the impact of the publications remain largely unfulfilled. There are no mechanisms to ensure that internal reviews and evaluations of outputs are done systematically. There is no roster of reviewers and relevant guidelines are not developed. On the positive side, some internal peer reviews and proposals were made to secure funds for external reviews in the biennium 2006-2007. However, no formal external reviews have been conducted so far and the assessment of publication effectiveness is in its infancy.

19. The Publications Committee was unable to achieve any progress in clarifying important elements of its terms of reference. Delays in taking crucial decisions and the lack of participatory approach hampered its work. While OIOS noted some recent positive changes in the work of the Publications Committee, it still needs a lot of improvement.

20. Full implementation of all elements of the Total Quality System is still required. Elements that are still missing include participatory preparation of theme implementation plans and subprogramme implementation plans that should include task-time allocation for each staff member, continuous monitoring and reporting of performance against theme implementation plans and quarterly reviews by the Executive Secretary of divisional performance against subprogramme implementation plans, and the end-of-work presentations by all teams to a general seminar.

21. Technical cooperation activities are an important component of programme delivery that efficiently complements the analytical and normative work of regional commissions. The ESCWA technical cooperation programme has traditionally suffered from the lowest level of extrabudgetary funding — both in absolute and relative terms — among regional commissions, haphazard fund-raising and an inadequate project review mechanism. OIOS noted, however, ESCWA success in soliciting substantial funds for projects that are geared towards the reconstruction of Iraq. The deficiencies in ESCWA technical cooperation were addressed by OIOS earlier,[10] and OIOS was pleased to note ESCWA advances in developing its technical cooperation strategy,[11] introducing a project planning cycle and actively promoting with member countries its proposals for technical cooperation projects for 2006-2007, as well as establishing the Programme Planning and Technical Cooperation Division as the focal point for fund-raising activities, and decentralizing its regional advisory activities to the substantive divisions. OIOS noted that the initiative of the Division in conducting project management training for staff and managers would be extended to the monitoring and evaluation of projects.

22. OIOS noted the ESCWA commitment to introduce best practices from other United Nations entities, including regional commissions, into its revamping of technical cooperation and observed the successful efforts in implementing some of them. Another issue that deserves to be addressed is the optimization of the

[10] Report of OIOS on its audit of the regional commissions (A/58/785, paras. 77-80).

[11] E/ESCWA/23/5(Part III)/Add.1.

geographical focus of the ESCWA technical cooperation activities: OIOS believes that a stronger emphasis should be on countries with greater needs. For instance, the share of technical cooperation missions to Yemen had not increased in the past three years.

23. OIOS considers the reconfiguration of regional advisory services to be a positive step forward. However, advisory activities can still benefit from being more widely publicized both within and outside ESCWA in terms of their goals, outcomes and impact. In turn, advisory services should provide an effective feedback to the normative and analytical activities of the substantive divisions. OIOS noted that towards that end ESCWA is establishing an e-mail group and an e-network as part of the regular programme of technical cooperation. Success stories of achievements under the regular programme of technical cooperation are being identified and publicized for dissemination through various modalities. An improved brochure on the 2006-2007 programme is being prepared and will be given wider, but targeted, distribution.

24. An important factor in improving programme performance is staff capacity development through inclusive and effective training. OIOS observed that the training plans did not reflect any meaningful efforts to adjust the knowledge base and relevant skills of staff redeployed during the restructuring. Overall, the organization of training suffered from poor planning, including belated approvals, faulty information about training opportunities and insufficient involvement of middle management and staff in preparation and implementation of training plans. Implementation of training deviated considerably from the plans. In some offices, the actual training expenses considerably exceeded planned allocations and there were no proper internal consultations on involved reallocation of funds. The current balance of training funds between individual and group training is far from optimal, especially taking into account the cost-effectiveness of the latter. There was also an obvious need to rationalize the distribution of information technology training funds as the OIOS observed that the substantive divisions receive only 7 per cent of the total, while support divisions such as the Administrative Services Division, including the Conference Services Section, receive the remaining 93 per cent.

V. Regional role

25. OIOS noted that the regional commissions were called upon to play a central role in the regional follow-up to global development agendas and to serve as catalysts in intensifying inter-agency collaboration at the regional levels. Towards that end, it was envisaged that more effective use would be made of regional coordination meetings under the aegis of the Executive Secretaries. Such meetings should facilitate the better integration of the regional dimension in the programme frameworks or its participants, foster collaboration in technical cooperation projects, share knowledge derived from management experiences, result in better coordinated policies and activities and build synergies with partner organizations for achieving a coherent regional development agenda.[12]

[12] See the report of the Secretary-General on regional cooperation in the economic, social and related fields (E/2005/15, paras. 64-67).

26. OIOS observed that meetings of the Regional Coordination Group, managed by ESCWA, did not fulfil these expectations. While its most recent meeting was better attended and organized, its outcome still had no decisive impact on strengthening regional collaboration. Responsibilities and deadlines for implementing recommendations of the Group's meetings are not formally set and there is no reliable system for organizing joint implementation, monitoring its progress and reporting on the outcomes. With minimal staff support to the Group, it remains dormant between meetings. The Group's page on the ESCWA website is of little value as an information asset or a coordination tool: information is out of date and there are no inputs from and no links to the regional offices of other United Nations programmes and organizations.[13] In this connection, OIOS recalls its earlier recommendation[14] and the subsequent recommendation of the Committee for Programme and Coordination[15] that the regional commissions strengthen their websites as platforms for the exchange of regional best practices and lessons learned. The Regional Coordination Group webpage appears to be best suited for this purpose.

27. OIOS noted the tendency of United Nations agencies to decentralize their operations to regional offices, the geographical coverage of which varies from one organization to another.[16] OIOS further noted that at its 10th meeting, the Regional Coordination Group had expressed concern about different geographical coverage of the Arab region by United Nations entities but did not make any specific recommendations in that regard. OIOS also noted that it was one of the challenges faced by the management of ESCWA in its activities vis-à-vis the Economic Commission for Africa (ECA) and the League of Arab States (LAS) and that ESCWA had requested the Joint Inspection Unit to review in 2006 the geographical grouping adopted by the United Nations departments, offices, funds, programmes, organizations and agencies in the light of the problem discussed during the 10th meeting of the Group. Pending the completion of the Joint Inspection Unit review, the ESCWA management has officially requested all States members of LAS that are not members of ESCWA to join ESCWA as full members. The Sudan has already been admitted (May 2005) and all the other concerned countries send observers to meetings of the Commission. ESCWA is hoping that more members will be admitted during the 2006 Commission meeting. In the short term, there is an obvious need to enhance collaboration between ESCWA and the Subregional Office for North Africa of ECA. While such cooperation currently exists on an ad hoc and case-by-case basis, it is essential to make it continuous and comprehensive.

28. OIOS noted the successful experience of ESCWA in coordinating the preparation of the regional report on the implementation of the Millennium Development Goals. However, its cooperation in other thematic and operational areas with regional offices of United Nations entities remains patchy. As noted

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[13] www.escwa.org.lb/about/rcg/main.htm.

[14] Report of OIOS on the evaluation of linkages between headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration (E/AC.51/2005/2, para. 75).

[15] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 16* (A/60/16, para. 139).

[16] See the report of the Secretary-General on the triennial comprehensive policy review of operational activities for development of the United Nations system: conclusions and recommendations (A/59/387, para. 56).

earlier by the Secretary-General in regard to all regional commissions,[17] the involvement of ESCWA in country programmes of the United Nations system in the region remains limited. OIOS was most concerned about the rather feeble collaboration between ESCWA and another most important United Nations actor in the region — the Regional Bureau of Arab States of the United Nations Development Programme (UNDP). There is neither a comprehensive framework of cooperation between them nor a clear understanding of the division of labour, complementarities and synergies between ESCWA and the UNDP Regional Bureau for Arab States, and ESCWA and resident coordinators. There is skimpy information about ESCWA on the UNDP website and vice versa and no links to each others' flagship reports. ESCWA staff does not participate in any active measure in UNDP-run knowledge networks that bear directly on their expertise.

29. In this connection, OIOS noted that the Secretary-General currently envisages strengthening the regional dimensions of operational activities through an array of measures that include resident coordinators engaging regional commissions in common country assessments, United Nations Development Assistance Frameworks and the poverty reduction strategy papers, creating a roster of experts within the regional commissions and their network of national and international experts and policymakers shared with United Nations country teams; and maintaining intensive consultations between and among United Nations agencies, funds and programmes and regional commissions in the formulation and implementation of their regional programmes.[18] OIOS trusts that the envisaged measures would foster the ESCWA engagement with United Nations country offices. OIOS recalls in this regard a recent Committee for Programme and Coordination recommendation that the regional commissions and the country offices establish mechanisms for the regular exchange of information and knowledge-sharing.[19]

VI. Information and knowledge management

30. OIOS recalls that the United Nations information and communication technology strategy[20] envisaged that each department would adopt a departmental information and communication technology strategy and plan. OIOS observed some progress in the development and upgrading of information technology tools serving the needs of different divisions, but overall mechanisms and policies to support ESCWA-wide information technology management were not in place. Different draft proposals were reviewed by the Information and Communication Technology Committee in 2001, but not adopted. OIOS noted that the Committee had been re-established in November 2005 and considered that an advisory body on

[17] See the report of the Secretary-General on the triennial comprehensive policy review of operational activities for development of the United Nations system (A/59/85-E/2004/68), paras. 62-64, and the report of the Secretary-General on the triennial comprehensive policy review of operational activities for development of the United Nations system: conclusions and recommendations (A/59/387, paras. 53-59).

[18] See the report of the Secretary-General on the management process for the implementation of General Assembly resolution 59/250 (E/2005/58), chap. IV.H.

[19] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 16* (A/60/16), para. 138.

[20] See the report of the Secretary-General on the information and communication technology strategy (A/57/620).

information technology development should be set up in accordance with established policies.

31. OIOS observed evident improvements of the ESCWA website, which had enhanced its visibility, accessibility and outreach. However, the programmatic drivers and indicators for assessing the effectiveness of the website in terms of the quality, reliability and timeliness of the information provided and its user-friendliness were, in some instances, in need of improvement. The internal information-sharing capacity of the Intranet was being developed. Similar features, frameworks and layouts, as well as best practices, such as the use of feedback forms on web pages, publications and documents, were not applied uniformly across divisions. One difficulty in keeping information relevant and updated was the coordination arrangement. Since information sharing and visibility should be two main components of the information and communication technology and knowledge management strategies, ESCWA needs appropriate mechanisms to support them. OIOS believes that the current network of focal points should become a task force lead by an information master and a webmaster and be charged with maintaining and updating the web pages, exchanging best practices and lessons learned. The task force could report to the Information and Communication Technology Committee.

32. OIOS observed that staff support to information technology and website development and administration is below the minimal critical mass and there is no backup for the webmaster and the resources for system development are insignificant. Considering that there are currently 9 major systems to which the Information and Technology Unit of the Administrative Services Division has to provide support, including about 22 different thematic or divisional web pages and the Intranet, the resources provided to the Unit are insufficient. The reporting lines are fragmented and result in dilution and duplication of resources. There is no clarity of roles and responsibilities between the different component and units that support information technology and there is also client confusion on its roles. OIOS recalls that while the Secretariat's standard for the information and communication technology staff resources is 5 per cent, ESCWA currently has approximately 4 per cent. OIOS believes that the consolidation and strengthening of ESCWA information and communication technology resources are necessary.

33. ESCWA engaged in the development of different databases in the absence of a functional information and communication technology committee and without a proper analysis of tangible returns. OIOS recalls that the information and communication technology strategy calls for an analysis of return on investment as the determining factor in assigning priorities to information and communication technology projects and initiatives and assessing the usefulness of applications to be introduced or developed. One OIOS concern was the little use and limited potential for further development of applications such as T-MIS and e-TC as they have been developed at different times, with platforms that are not interconnected, do not use the same information sources and are thus prone to duplication. While they are fully operational, some of their links are inactive and their use among managers and staff is limited. The Programme Planning and Technical Cooperation Division should conduct a review, jointly with the Information Technology Unit and the Information and Communication Technology Committee on the relevance, value added and usefulness of such databases to determine their continuation, enhancement or streamlining.

34. As OIOS stressed in an earlier report,[21] effective knowledge management is essential for quality research and analysis, mobilizing diverse expertise and experience, formulating and disseminating policy advice and obtaining expert feedback. Knowledge management should not only optimize the internal flows and storage of information, safeguard institutional memory and facilitate access to it but should also promote the communities of practice networks that reach outside the United Nations. OIOS noted ESCWA progress in revamping its Internet site and making the Intranet more useful. However, there are still information voids and a need for fully realizing the potential of the Intranet for organizing, processing and sharing internal information on substantive issues, latest developments, decisions taken and challenges and accomplishments of different divisions. On a more basic level, OIOS noted with concern that in many instances there is not yet a fully developed system of shared local area network (LAN) folders. Tackling these issues has to be based on a comprehensive knowledge management strategy and a realistic action plan to implement it.

35. OIOS observed that ESCWA makes little use of such important knowledge management resource as the UNDP National Human Development Report (NHDR) Workspace and in particular of its two networks: Human Development Reports Network (HDR-Net) and HDR Statistics Network (HDRStats-Net). Recently, out of around 1,200 users at HDR-Net and HDRStats-Net, only 6 were from ESCWA. Equally inactive was ESCWA participation in various forums of the Human Development Report network. The access to the information resources of UNDP and other sister agencies was not either comprehensive or user-friendly. OIOS noted that ESCWA launched three networks in 2005: the Social Development Network (SDNet), the Modern Technologies for Employment Creation and Poverty Reduction forum and the ESCWA Research and Development Portal, of which only the last one was reasonably active. OIOS believes that effectiveness of SDNet and the Poverty Reduction forum could have benefited greatly from better planning and outreach aimed at attracting a diverse and committed membership through a more engaged moderation.

36. While OIOS observed that attempts at instituting a knowledge management system within ESCWA were neither consistent nor conclusive, there is a solid expertise to be put to use. Specifically, OIOS was impressed with the knowledge management methodologies report,[22] which promoted a methodology for the creation, sharing and dissemination of knowledge in ESCWA member countries, elaborated the conceptual background of knowledge management and emphasized the role of knowledge as a resource that could create wealth and enhance the quality of life. OIOS also noted with satisfaction attempts at developing networks, forums and communities of practice as part of individual divisional undertakings. However, they were not guided by the ESCWA-wide plan to promote knowledge management internally and in the region. OIOS believes that ESCWA would do well by implementing internally the same advice that it had provided to member countries in the above-mentioned report.

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[21] See the report of OIOS on the evaluation of linkages between headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration (E/AC.51/2005/2), paras. 56 and 57.

[22] See "Knowledge management methodology: an empirical approach in core sectors in ESCWA member countries" (E/ESCWA/ICTD/2003/9).

37. OIOS believes that ESCWA needs to develop a knowledge management strategy covering the internal identification, collection, adaptation, organization, application and sharing of information and best practices as well as disseminating the knowledge to outside users and factoring in their feedback through the implementation of different knowledge management tools. In line with its endeavour to be an action-oriented regional centre of excellence, ESCWA needs to establish itself as the regional hub of knowledge management and become a preeminent point of entry for member countries seeking knowledge in the areas of ESCWA competence. ESCWA strategy in the area should include some of the provisions spelled out in the technical cooperation strategy presented to the Commission in 2005 and it should take full advantage of the UNDP expertise in running knowledge networks, with developed thematic structures, diverse internal and external memberships, and discussions that are being facilitated and knowledge shared being recorded on a universal form called "consolidated replies".

38. At the time of the inspection, OIOS was not able to find a list of knowledge management organizations associated with the work of ESCWA that promoted the exchange of experiences on common problems and solutions at the regional level. This should be one of the aims of the knowledge management strategy and action plan for ESCWA as well.

VII. Programme support

39. OIOS observed that most of ESCWA administrative procedures and work processes are still handled in hard copy formats that result in high maintenance and delays. Moreover, the excessive centralization of decision-making exacerbates inefficiencies. ESCWA procedures and workflow practices need to be streamlined and re-engineered to modernize them, eliminate bottlenecks, minimize manual processing and align declared and factual delegations of authority. The widest possible application of e-administration and automated workflow techniques will allow staff members to initiate and process service requests that are currently performed manually — such as leave management, telephone billing, travel approval and maintenance of staff personnel fact sheets, among others. The released resources could be redeployed either to substantive or more valuable support activities. The increased staff satisfaction would be another important benefit.

40. One of the most important support functions is human resources management. A recent Office of Human Resources Management monitoring team made recommendations regarding the implementation of the delegation of authority in this area, most of which are either implemented or being implemented. OIOS noted consequent improvement in that the Human Resource Management Section of the Administrative Services Division is fully staffed and headed by a Chief. OIOS noted improvements in human resource areas such as gender balance and the decrease in the average amount of time for filling vacancies. OIOS noted that there are plans to implement the recommendations of the 2005 General Service classification review.

41. OIOS was concerned, however, that in a number of instances, the Chief of the Human Resource Management Section was not able to ensure that established policies and practices are followed by the executive management. OIOS recalls in this regard that it is important to ensure that executive decisions do not become arbitrary, taken in bad faith or discriminatory, especially in regard to the

performance appraisal of staff members or the extension of their contracts. OIOS noted that in 2004-2005, five staff members were offered contract extensions of less than the two-year term recommended by their first reporting officer. Only one received written notification stating the reasons and another was informed verbally. Following discussions, two were awarded two-year extensions.

42. Timely conduct of staff performance appraisal is essential for the integrity of the human resources management. OIOS observed that only 14 per cent of the performance appraisal system (PAS) reports for staff in the Office of the Executive Secretary and 25 per cent in the Conference Services Section and the Library had been completed for the cycle 2003-2004 by January 2005. At the time of the inspection (15 July 2005), 88 per cent of PAS reports for 2004-2005 had been completed and 63 per cent of plans for 2005-2006 were complete.

VIII. Executive management

43. OIOS noted the acknowledged success of the Executive Secretary in enhancing the regional profile of ESCWA, inspiring the commitment of staff to its mission and mobilizing the support of the regional stakeholders for its mission. OIOS also noted that ESCWA staff highly appreciated the active support of the Executive Secretary in staff welfare issues such as the relocation of the cafeteria, the establishment of a day-care centre and in seeking a reversal of the change in hardship classification of the duty station and its effects on staff entitlements. The staff appreciated the meetings held by the Executive Secretary with the staff at large to inform them of new developments and challenges.

44. One of the venues for such improvement is enhancing the effectiveness and complementarities of advisory mechanisms that executive management relies on. Currently, the Cabinet fulfils the role of main advisory body and OIOS observed that it is not well suited for it is mainly due to its bloated membership. For executive decisions, OIOS finds it desirable to establish an advisory senior management board with membership limited to subprogramme managers. It would address programmatic and operational issues with a well-defined agenda, while the Cabinet could focus on strategic issues along with the broad exchange of information. It is important to establish a clear division of labour and complementarities between the Senior Management Board, the Cabinet, the Project Review Committee and other advisory bodies and to prioritize their agendas.

45. Another important venue for improvement is maintaining integrity and conformity of the official and informal reporting lines. OIOS recalls that the ESCWA vision bases its internal culture on enhancing transparency, motivating effective and open communication, integrating work and achieving a high level of synergy, as well as promoting consistent delegation of authority and accountability. While some of these areas saw improvement, OIOS observed that executive management still suffered from ad hoc and arbitrary decision-making that often disregarded the established reporting lines and delegation of authority. OIOS sees the need for strengthening the executive capacity for establishing and maintaining good management practices and appraising the performance of subprogramme managers in a fair, objective and transparent manner.

46. In considering the efficiency of management, OIOS observed that such an important resource as the post of the Deputy Executive Secretary was not fully

utilized. Clearly defining the responsibilities and the delegated authority of the Deputy and consistently observing such empowering arrangements can considerably improve the overall effectiveness of executive management. Assigning to the Deputy a fair share of the executive management's burden should allow the Executive Secretary to focus fully on leadership, strategic direction and the regional promotion of the ESCWA mission. OIOS noted that the functions assigned to the Deputy were not in line with paragraphs 4.1 and 4.2 of ST/SGB/2002/16.

IX. Conclusions

47. The ESCWA reform made an unquestionable contribution to becoming an action-oriented regional centre of excellence dedicated to developing the highest quality professional work through an efficient and effective work environment. In fulfilling this ambition, its main challenges will be in stabilizing and optimizing its organizational structure, strengthening its statistical subprogramme, fully realizing its comparative advantages vis-à-vis regional partners and enhancing its management culture. One of the key factors in enhancing the ESCWA management culture is fully modernizing its knowledge management and information and communications technology capacity. This has yet to be accomplished.

48. OIOS observed with satisfaction that results-based budgeting was promoted with dedication and energy at ESCWA. Solid training was provided to management and staff on its methodology and implementation. The practical application of results-based management in ESCWA is more advanced, robust and consistent, in OIOS' view, than in many other departments of the Secretariat. The challenge is to couple it with an equally effective system of quality controls for deliverables.

49. The major strength of ESCWA is its multidisciplinary experience, close knowledge of the specificities of the region and its development issues as well as the fact that all economic and social sectors are represented in its critical mass of expertise. ESCWA can undoubtedly provide the regional sensitivity and understanding needed to effectively communicate, coordinate and implement activities at the regional level. Its current weaknesses are in propensity towards executive micromanagement and lapses in transparency, insufficient information sharing and lingering difficulties in mobilizing the extrabudgetary resources.

X. Recommendations

Recommendation 1

50. ESCWA should determine which current "divisional teams" must be re-established as stable organizational units and which ones should continue as teams. Multidisciplinary, interdivisional teams should complement the stable organizational structure by being set up for achieving concrete non-recurrent goals by specific deadlines. Subprogramme managers should be empowered to manage both stable structural units and multidisciplinary teams within their purview (paras. 5-8) (SP-04-003-001).[23]

[23] The symbols in parentheses in this section refer to an internal code used by OIOS for recording its recommendations.

51. *ESCWA does not agree with recommendation 1. Irrespective of the nomenclature — "teams" or "sections" — the current structure at ESCWA serves its objectives, where team leaders are empowered within their respective areas and work in substantive specialized areas and teams as well as in multidisciplinary intra/interdivisional teams that are established for specific tasks/outputs. It should be noted that the current structure is only two years old. More time is needed for staff members to fully master the new changes. It would be most destabilizing to change the structure after such a short period, without a thorough and overall assessment. Although the OIOS report recorded fragmentation in some team structures, it has not sufficiently recognized the actions taken in the programme budget for 2006-2007 by ESCWA to reduce such fragmentation nor the staff needed for the establishment of new centres and units that respond to the dynamic regional requirements. With regard to the "rigidities" observed by OIOS, ESCWA considers that whether the activities/outputs are carried out through interdisciplinary work (i.e., interdisciplinary teams) or within the context of the conventional nomenclature (i.e., unit/section), the use of human and financial resources allocated for these activities/outputs would still have to be governed by the approved biennial budget. Moreover, the directives of the Executive Secretary that appear to be rigid to OIOS were necessitated by the fact that some chiefs of division were using resources approved in the biennial budget under other subprogrammes in violation of the United Nations budget rules and regulations and affecting the other subprogrammes' delivery of mandated outputs.* OIOS noted ESCWA disagreement but OIOS observations supported the validity of this recommendation. OIOS believes that delegation to subprogramme managers should be more effective and that a review of the efficiency of the team structure should be made in line with the recommendation.

Recommendation 2

52. The internal review should be completed without delay. A revitalized Statistics Division, responsible for all outputs and resources of the statistics subprogramme, should be re-established without further delay. It should be linked through effective consultative mechanisms and collaborative arrangements with other ESCWA divisions, the Statistics Division of the Department of Economic and Social Affairs and regional and national counterparts (paras. 9-12, 14 and 15) (SP-04-003-002).

53. *The ESCWA management takes note of this recommendation and intends to resume the review of the situation.* OIOS will monitor the scope, substance, integrity, expedience and outcome of the envisaged review, as the groundwork for implementing the recommendation.

Recommendation 3

54. ESCWA should revise the terms of reference of its Publications Committee reflecting the relevant best practices and ensuring the clear delineation of responsibilities between the Committee, the substantive divisions and the top management of ESCWA (paras. 17-19) (SP-04-003-003).

55. *ESCWA is currently reviewing the terms of reference of the Publications Board at United Nations Headquarters. It intends to take a more proactive role for the wider dissemination of publications-related information to the staff-at-large.*

Recommendation 4

56. ESCWA should prepare a plan of action to fully implement all envisaged elements of the Total Quality System (para. 20) (SP-04-003-004).

Recommendation 5

57. The Project Review Committee of ESCWA should deal with all technical cooperation projects irrespective of their source of funding. The Committee should prepare the compendium of best practices in fund-raising, project approval, appraisal and evaluation, and optimizing the geographical focus of technical cooperation as applied in ESCWA, as well as relevant guidelines and templates to be used in the Committee's work. The proceedings of the Committee, along with comprehensive information on advisory services planned and delivered, should be available on the Intranet and an electronic bulletin board should be set up to make information on the planning and implementation of all technical cooperation activities widely accessible and supportive to multidisciplinary programming and cooperation (paras. 21-23) (SP-04-003-005).

Recommendation 6

58. ESCWA should enhance the impact of training on programme performance through:

(a) Determining, in a participatory manner, the priorities and topics of training on the basis of programme priorities and related needs in the adjustment of staff skills and making training plans available to all staff;

(b) Promoting group training and raising its share to at least 30 per cent of all training funds;

(c) Establishing clear guidelines on obtaining external training and widely disseminating them (para. 24) (SP-04-003-006).

Recommendation 7

59. (a) ESCWA should initiate an in-depth review, jointly with all members of the Regional Coordination Group, of the role, methods of work and support resources of the Group aimed at transforming it into a robust tool for regional coordination, creating a reliable mechanism for implementing its recommendations and ensuring effective staff support to its revitalized role;

(b) The Regional Coordination Group page on the ESCWA website should be revamped and other relevant electronic tools employed to support continuous collaboration between members of the Group in implementing its recommendations and identifying agenda items for forthcoming meetings (paras. 25 and 26) (SP-04-003-007).

Recommendation 8

60. ESCWA should develop without delay a longer term programme of thematic and operational cooperation with the Subregional Office for North Africa of ECA, which would realize their synergies and comparative advantages (para. 27) (SP-04-003-008).

61. *ESCWA welcomes the recommendation; the programme of thematic and operational cooperation with the Subregional Office for North Africa of ECA should be developed at the programming stage, i.e., within the context of the 2008-2009 strategic framework. In 2006-2007, liaison and exchange of information will be established and possibilities for cooperation identified.*

Recommendation 9

62. ESCWA should proactively engage the UNDP Regional Bureau for Arab States in developing a comprehensive and specific framework of longer term cooperation when strengthening the regional dimensions of operational activities, as envisaged by the Secretary-General. Such framework should also extend to all regional offices of the United Nations system and to United Nations country teams. It should use web-based knowledge management regional networks as the major resource for more effective collaboration (paras. 28 and 29) (SP-04-003-009).

63. *ESCWA agrees with recommendation 9, which should reflect the fact that it takes two sides to cooperate. ESCWA has made several attempts to reach out to the UNDP Regional Bureau for Arab States which went unanswered on numerous occasions. In order to remedy this situation, the new leadership at UNDP has been contacted and two meetings were arranged during July and October 2005 to explore modalities of cooperation. UNDP decentralization to the regional level of service centres offers an excellent opportunity to mutually reinforce activities and exploit complementarities and synergy. The new biennium 2006-2007 provides the opportunity to develop different modalities of cooperation. An important resource for more effective collaboration could be regional networks for knowledge-sharing in terms of analytical work, policy advice, capacity development and networking.*

Recommendation 10

64. ESCWA should develop its information technology strategy and strategic plan for implementation based on the United Nations information and communication technology strategy standards and guidance. Minutes of the Information and Communication Technology Committee meetings should be made available on the Intranet (para. 30) (SP-04-003-010).

Recommendation 11

65. The function of the information master needs to be established with clear terms of reference, coordination arrangements with the webmaster and divisional focal points under the overall guidance of the Information and Communication Technology Committee with the view to ensuring reliable and comprehensive website support (para. 31) (SP-04-003-011).

66. *While ESCWA management agrees to the recommendation, it stresses that it is difficult if not impossible to implement under the zero growth budget, and the ban on the establishment of new posts.*

Recommendation 12

67. The Information Technology Unit, the Integrated Management Information System (IMIS) Coordination Unit, and the Communications Unit should be consolidated into an Information Communications and Systems Section within the

Administrative Services Division to ensure the minimum resources for proper support to systems development, website maintenance and communications. The level of information technology-dedicated resources should be raised to the standard level of 5 per cent. Such strengthening should ensure a backup for the webmaster and a systems development post. Clear roles and responsibilities and reporting lines should be established to foster collaboration and information sharing. A backup system should also be established without delay to avoid instances where systems development and website support are not readily available (para. 32) (SP-04-003-012).

Recommendation 13

68. In line with the United Nations information and communication technology strategy, ESCWA should undertake a cost benefit analysis and a return on investment review of all of the databases developed and decide on their suitability, continuation, enhancement and streamlining. ESCWA should not develop any new systems or applications until its information and communication technology strategy is adopted and its Information and Communication Technology Committee established to undertake such reviews. Any future information and communication technology development should be based on the priorities and resources determined by the Information and Communication Technology Committee (para. 33) (SP-04-003-013).

Recommendation 14

69. (a) ESCWA should develop a knowledge management strategy based on its own recommendations to member States, UNDP experience and parameters and adopt an action plan for implementing it. The strategy should aim at establishing ESCWA as a source of knowledge on regional social and economic issues and the first point of call for diverse practitioners and stakeholders seeking such knowledge. Information technology should also provide for discussion space to facilitate exchanges between member States on the items on the Commission's agenda between its sessions. The knowledge management strategy should buttress the ESCWA communications and outreach strategy and rely on its information technology strategy;

(b) A dedicated post of knowledge manager should be established with an incumbent being a recognized expert in this area and provided with all necessary authority and resources to implement the action plan (paras. 34-38) (SP-04-003-014).

70. *While ESCWA management agrees with the recommendation, it also stresses that part (b) would be difficult if not impossible to implement under the zero growth budget and the ban on the establishment of new posts.*

Recommendation 15

71. ESCWA should undertake without delay a comprehensive review of its processes and workflows with a view to automating them in line with best practices throughout the Secretariat based on a realistic action plan with set deadlines and responsibilities (para. 39) (SP-04-003-015).

Recommendation 16

72. The Chief of the Human Resource Management Section should take appropriate measures to ensure that all personnel decisions are in line with established policies and procedures and are properly reflected in staff members' personal files. Records of personnel actions should be kept and monitored for compliance (para. 41) (SP-04-003-016).

73. *ESCWA management does not agree with this recommendation or the related paragraph.*

Recommendation 17

74. Management should ensure that performance appraisals are completed on schedule (para. 42) (SP-04-003-017).

75. *ESCWA does not agree with the recommendation and requests that the relevant paragraph be removed from the final OIOS report as extensive efforts were carried out as of October 2004 not only to ensure timely compliance with PAS procedures but also to promote a culture of performance management to ensure the shift from a system of human resources policy to human resources practice. ESCWA management included a specific objective related to performance management in the programme management plan objectives of 2005. A series of meetings were held to assist staff realign their PAS in accordance with PAS procedures and reflecting the overall objectives identified in the programme management plan. The ESCWA compliance rate for 2004-2005 has been fully achieved. The current compliance rate at the mid-term review for 2005-2006 is also fully satisfactory.* The observation and recommendation were based on data provided by ESCWA. Regular monitoring of implementation of the recommendation will be done to ensure that the reported improvement in PAS management is maintained.

Recommendation 18

76. The Executive Secretary should establish a senior level coordinating and advisory body to address programmatic and operational decisions along with establishing a mechanism for thorough follow-up on executive decisions taken on the advice of these bodies (para. 44) (SP-04-003-018).

77. *ESCWA does not agree with the recommendation as enough venues exist to address programmatic and operational decisions. However, ESCWA management will consider the possibility of alternating between cabinet meetings attended solely by programme managers to address strategic issues at the programme level and those common to the subprogrammes, as well as policy-oriented programmatic and operational issues, and other regular cabinet meetings with extended audience (middle-level managers and regional advisers) to exchange information and views on subjects of common interest and programmatic issues.* OIOS believes that the recommendation (amended in view of ESCWA comments) could bring improvements in executive management and will continue to monitor and assess the situation in the light of the ESCWA comments.

Recommendation 19

78. The Executive Secretary should ensure that the norms of transparent and effective oversight are adhered to by observing established reporting lines and

addressing accountability issues in a consistent and fair manner (para. 45) (SP-04-003-019).

79. *ESCWA rejects totally the recommendation and the relevant paragraph.*

Recommendation 20

80. The Executive Secretary should clearly define the substantive and administrative responsibilities delegated to the Deputy Executive Secretary and maintain the integrity of such delegation along with accountability for discharging those responsibilities. Clear procedures and reporting lines to the Executive Secretary and regarding subprogramme managers should be established and observed (para. 46) (SP-04-003-020).

81. *ESCWA does not agree with the recommendation or the relevant paragraph.*

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services